

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 6309

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE ROME 4038

E.O. 11652: N/A

TAGS: ELAB, ECEM, PINT, IT

SUBJECT: WAGE SETTLEMENT IN CHEMICAL SECTOR

1. IN CONVERSATION MARCH 10 WITH PRESIDENTIAL ASSISTANT SEIDMAN AND ECEMIN, ANDREATTA (ECONOMIC ADVISOR TO PRIME MINISTER MORO) REPORTED SHARP DISAPPOINTMENT WITHIN GOI OF CONTRACT SETTLEMENT IN PARASTATAL CHEMICAL INDUSTRY.

ANDREATTA VIEWED SETTLEMENT AS NEAR DISASTER IN WHAT IT SET PRECEDENT FOR PENDING CONTRACT RENEWALS. WHILE HE NOTED THAT 25,000 LIRE INCREASE PORBABLY DID NOT REPRESENT BURDEN ON CHEMICAL INDUSTRY BECAUSE (A) LABOR REPRESENTS RELATIVELY SMALL SHARE OF OVERALL COSTS AND (B) WAGES ALREADY HIGH AND THUS INCREASE AMOUNTS TO ONLY ABOUT 4-5 PERCENT, ANDREATTA ASSERTED SIMILAR INCREASE IN OTHER INDUSTRIES WOULD AMOJNT TO AVERAGE OF ABOUT 14-15 PERCENT, WHICH COMES ON TOP OF INCREASE OF SIMILAR MAGNITUDE UNDER EXISTING ESCALATION CLAUSE. INTERESTINGLY ENOUGH, ANDREATTA MENTIONED AGREEMENT ON INVESTMENT ONLY IN PASSING.

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2. ACCORDING TO ANDREATTA, TOP-LEVEL GOI OFFICIALS CAUGHT
TOTALLY UNAWARES BY SETTLEMENT. SETTLEMENT WAS NEGOTIATED BY
ANY EX-UNION OFFICIAL ONMANAGEMENT SIDE OF ENI, WHICH LENDS
CREDENCE TO SUSPICION THAT SETTLEMENT MAY HAVE BEEN
DELIBERATE ACT OF SABOTAGE AGAINST GOVERNMENT. ANDREATTA
SAID THAT GOI HAD LOOKED INTO POSSIBLIITY OF OVERTURNING
SETTLEMENT, E.G. REQUIRING REVIEW BY PRESIDENT OF ENI, BUT
DISCOVERED THAT SETTLEMENT HAD BEEN EFFECTED IN ACCORDANCE
WITH EXISTING LAWS AND REGULATIONS. ONLY WAY SETTLEMENT CAN
BE OVERTURNED IS BY PASSAGE OF LEGISLATION, WHICH IS
OBVIOUSLY IMPOSSIBLE. VOLPE

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Message Attributes

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